

103^D CONGRESS
2^D SESSION

H. R. 5116

To amend title 11 of the United States Code.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 28, 1994

Mr. BROOKS (for himself, Mr. FISH, and Mr. SYNAR) introduced the following bill; which was referred to the Committee on the Judiciary

A BILL

To amend title 11 of the United States Code.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Bankruptcy Reform Act of 1994”.

6 (b) TABLE OF CONTENTS.—The table of contents is
7 as follows:

Sec. 1. Short title.

TITLE I—IMPROVED BANKRUPTCY ADMINISTRATION

Sec. 101. Expedited hearing on automatic stay.

Sec. 102. Jurisdiction to review interlocutory orders increasing certain time periods for filing plan.

Sec. 103. Expedited procedure for reaffirmation of debts.

Sec. 104. Powers of bankruptcy courts.

- Sec. 105. Participation by bankruptcy administrator at meetings of creditors and equity security holders.
- Sec. 106. Definition relating to eligibility to serve on chapter 11 committees.
- Sec. 107. Increased incentive compensation for trustees.
- Sec. 108. Dollar adjustments.
- Sec. 109. Premerger notification.
- Sec. 110. Allowance of creditor committee expenses.
- Sec. 111. Supplemental injunctions; settlement of claims and demands for payment.
- Sec. 112. Authority of bankruptcy judges to conduct jury trials in civil proceedings.
- Sec. 113. Sovereign immunity.

TITLE II—COMMERCIAL BANKRUPTCY ISSUES

- Sec. 201. Aircraft equipment and vessels; rolling stock equipment.
- Sec. 202. Limitation on liability of non-insider transferee for avoided transfer.
- Sec. 203. Perfection of purchase-money security interest.
- Sec. 204. Continued perfection.
- Sec. 205. Rejection of unexpired leases of real property or timeshare interests.
- Sec. 206. Contents of plan.
- Sec. 207. Priority for independent sales representatives.
- Sec. 208. Exclusion from the estate of interests in liquid and gaseous hydrocarbons transferred by the debtor pursuant to production payment agreements.
- Sec. 209. Seller's right to reclaim goods.
- Sec. 210. Investment of money of the estate.
- Sec. 211. Election of trustee under chapter 11.
- Sec. 212. Rights of partnership trustee against general partners.
- Sec. 213. Exclusion from the estate of certain accounts and chattel paper.
- Sec. 214. Timely filing of claims, interests, and administrative expense requests.
- Sec. 215. Protection of security interest in post-petition rents.
- Sec. 216. Amendment to definition of swap agreement.

TITLE III—CONSUMER BANKRUPTCY ISSUES

- Sec. 301. Period for curing default relating to principal residence.
- Sec. 302. Nondischargeability of fine under chapter 13.
- Sec. 303. Impairment of exemptions.
- Sec. 304. Protection of child support and alimony.
- Sec. 305. Preservation of home mortgage liens.
- Sec. 306. Interest on interest.
- Sec. 307. Exception to discharge.
- Sec. 308. Payments.

TITLE IV—GOVERNMENTAL BANKRUPTCY ISSUES

- Sec. 401. Exception from automatic stay for post-petition property taxes.
- Sec. 402. Municipal bankruptcy.

TITLE V—TECHNICAL CORRECTIONS

- Sec. 501. Amendments to bankruptcy definitions, necessitated by enactment of Public Law 101-647.
- Sec. 502. Title 28 of the United States Code.

TITLE VI—SEVERABILITY; EFFECTIVE DATE; APPLICATION OF
AMENDMENTS.

Sec. 601. Severability.

Sec. 602. Effective date; application of amendments.

1 **TITLE I—IMPROVED**
2 **BANKRUPTCY ADMINISTRATION**

3 **SEC. 101. EXPEDITED HEARING ON AUTOMATIC STAY.**

4 The last sentence of section 362(e) of title 11, United
5 States Code, is amended—

6 (1) by striking “commenced” and inserting
7 “concluded”, and

8 (2) by inserting before the period at the end the
9 following:

10 “, unless the 30-day period is extended with the consent
11 of the parties in interest or for a specific time which the
12 court finds is required by compelling circumstances”.

13 **SEC. 102. JURISDICTION TO REVIEW INTERLOCUTORY OR-**
14 **DERS INCREASING CERTAIN TIME PERIODS**
15 **FOR FILING PLAN.**

16 Section 158 of title 28, United States Code, is
17 amended—

18 (1) in subsection (a) by striking “from” the
19 first place it appears and all that follows through
20 “decrees,” and inserting the following:

21 “(1) from final judgments, orders, and decrees;

22 “(2) from interlocutory orders and decrees is-
23 sued under section 1121(d) of title 11 increasing the

1 time periods referred to in section 1121 of such title;
2 and

3 “(3) with leave of the court, from other inter-
4 locutory orders and decrees;”.

5 **SEC. 103. EXPEDITED PROCEDURE FOR REAFFIRMATION**
6 **OF DEBTS.**

7 (a) REAFFIRMATION.—Section 524(c) of title 11,
8 United States Code, is amended—

9 (1) in paragraph (2)—

10 (A) by inserting “(A)” after “(2)”,

11 (B) by adding “and” at the end, and

12 (C) by inserting after subparagraph (A),
13 as so designated, the following:

14 “(B) such agreement contains a clear and
15 conspicuous statement which advises the debtor
16 that such agreement is not required under this
17 title, under nonbankruptcy law, or under any
18 agreement not in accordance with the provisions
19 of this subsection;”, and

20 (2) in paragraph (3)—

21 (A) in the matter preceding subparagraph

22 (A) by striking “such agreement” the last place
23 it appears,

24 (B) in subparagraph (A)—

1 (i) by inserting “such agreement”
2 after “(A)”, and

3 (ii) by striking “and” at the end,
4 (C) in subparagraph (B)—

5 (i) by inserting “such agreement”
6 after “(B)”, and

7 (ii) by adding “and” at the end, and
8 (3) by adding at the end the following:

9 “(C) the attorney fully advised the debtor
10 of the legal effect and consequences of—

11 “(i) an agreement of the kind speci-
12 fied in this subsection; and

13 “(ii) any default under such an agree-
14 ment;”.

15 (b) EFFECT OF DISCHARGE.—The third sentence of
16 section 524(d) of title 11, United States Code, is amended
17 in the matter preceding paragraph (1) by inserting “and
18 was not represented by an attorney during the course of
19 negotiating such agreement” after “this section”.

20 **SEC. 104. POWERS OF BANKRUPTCY COURTS.**

21 (a) STATUS CONFERENCES.—Section 105 of title 11,
22 United States Code, is amended by adding at the end the
23 following:

24 “(d) The court, on its own motion or on the motion
25 of any party in interest, may—

1 “(1) hold a status conference regarding any
2 case or proceeding under this title after notice to the
3 parties in interest; and

4 “(2) unless inconsistent with another provision
5 of this title or with applicable Bankruptcy Rules,
6 issue an order at any such conference prescribing
7 such limitations and conditions as the court deems
8 appropriate to ensure that the case is handled expe-
9 ditiously and economically, including an order that—

10 “(A) sets the date by which the debtor
11 must accept or reject an executory contract or
12 unexpired lease; or

13 “(B) in a case under chapter 11 of this
14 title—

15 “(i) sets a date by which the debtor,
16 or trustee if one has been appointed, shall
17 file a disclosure statement and plan;

18 “(ii) sets a date by which the debtor,
19 or trustee if one has been appointed, shall
20 solicit acceptances of a plan;

21 “(iii) sets the date by which a party
22 in interest other than a debtor may file a
23 plan;

1 “(iv) fixes the notice to be provided
2 regarding the hearing on approval of the
3 disclosure statement; or

4 “(v) provides that the hearing on ap-
5 proval of the disclosure statement may be
6 combined with the hearing on confirmation
7 of the plan.”.

8 (b) ABSTENTION.—Section 1334 of title 28, United
9 States Code, is amended—

10 (1) by redesignating subsection (d) as sub-
11 section (e), and

12 (2) in the second sentence of subsection
13 (c)(2)—

14 (A) by inserting “(other than a decision
15 not to abstain in a proceeding described in sub-
16 section (c)(2))” after “subsection”, and

17 (B) by striking “Any” and inserting the
18 following:

19 “(d) Any”.

20 (c) ESTABLISHMENT, OPERATION, AND TERMI-
21 NATION OF BANKRUPTCY APPELLATE PANEL SERVICE.—
22 Section 158(b) of title 28, United States Code, is amend-
23 ed—

24 (1) by striking paragraphs (3) and (4),

1 (2) by redesignating paragraph (2) as para-
2 graph (4),

3 (3) by striking paragraph (1) and inserting the
4 following:

5 “(1) The judicial council of a circuit shall establish
6 a bankruptcy appellate panel service composed of bank-
7 ruptcy judges of the districts in the circuit who are ap-
8 pointed by the judicial council in accordance with para-
9 graph (3), to hear and determine, with the consent of all
10 the parties, appeals under subsection (a) unless the judi-
11 cial council finds that—

12 “(A) there are insufficient judicial resources
13 available in the circuit; or

14 “(B) establishment of such service would result
15 in undue delay or increased cost to parties in cases
16 under title 11.

17 Not later than 90 days after making the finding, the judi-
18 cial council shall submit to the Judicial Conference a re-
19 port containing the factual basis of such finding.

20 “(2)(A) A judicial council may reconsider, at any
21 time, the finding described in paragraph (1).

22 “(B) On the request of a majority of the district
23 judges in a circuit for which a bankruptcy appellate panel
24 service is established under paragraph (1), made after the
25 expiration of the 1-year period beginning on the date such

1 service is established, the judicial council of the circuit
2 shall determine whether a circumstance specified in sub-
3 paragraph (A) or (B) of such paragraphs exists.

4 “(C) On its own motion, after the expiration of the
5 3-year period beginning on the date an bankruptcy appel-
6 late panel service is established under paragraph (1), the
7 judicial council of the circuit may determine whether a cir-
8 cumstance specified in subparagraph (A) or (B) of such
9 paragraphs exists.

10 “(D) If the judicial council finds that either of such
11 circumstances exists, the judicial council may provide for
12 the completion of the appeals then pending before such
13 service and the orderly termination of such service.

14 “(3) Bankruptcy judges appointed under paragraph
15 (1) shall be appointed and may be reappointed under such
16 paragraph.”, and

17 (4) by inserting after paragraph (4), as so re-
18 designated, the following:

19 “(5) An appeal to be heard under this subsection
20 shall be heard by a panel of 3 members of the bankruptcy
21 appellate panel service, except that a member of such serv-
22 ice may not hear an appeal originating in the district for
23 which such member is appointed or designated under sec-
24 tion 152 of this title.

1 “(6) Appeals may not be heard under this subsection
2 by a panel of the bankruptcy appellate panel service unless
3 the district judges for the district in which the appeals
4 occur, by majority vote, have authorized such service to
5 hear and determine appeals originating in such district.”.

6 (d) APPEALS TO BE HEARD BY BANKRUPTCY AP-
7 PELLATE PANEL SERVICE.—Section 158 of title 28,
8 United States Code, is amended—

9 (1) in subsection (c) by striking “(c)” and in-
10 serting “(2)”, and

11 (2) by inserting after subsection (b) the follow-
12 ing:

13 “(c)(1) Subject to subsection (b), each appeal under
14 subsection (a) shall be heard by a 3-judge panel of the
15 bankruptcy appellate panel service established under sub-
16 section (b)(1) unless—

17 “(A) the appellant elects at the time of filing
18 the appeal; or

19 “(B) any other party elects, not later than 30
20 days after service of notice of the appeal;
21 to have such appeal heard by the district court.”.

22 (e) RULES OF PROCEDURE AND EVIDENCE; METHOD
23 OF PRESCRIBING.—Section 2073 of title 28, United
24 States Code, is amended—

1 (1) in subsection (a)(2) by striking “section
2 2072” and inserting “sections 2072 and 2075”, and
3 (2) in subsections (d) and (e) by inserting “or
4 2075” after “2072” each place it appears.

5 (f) EFFECTIVE DATE OF BANKRUPTCY RULES.—
6 Section 2075 of title 28, United States Code, is amended
7 by striking “ninety days” and inserting “180 days”.

8 **SEC. 105. PARTICIPATION BY BANKRUPTCY ADMINIS-**
9 **TRATOR AT MEETINGS OF CREDITORS AND**
10 **EQUITY SECURITY HOLDERS.**

11 (a) PRESIDING OFFICER.—A bankruptcy adminis-
12 trator appointed under section 302(d)(3)(I) of the Bank-
13 ruptcy Judges, United States Trustees, and Family Farm-
14 er Bankruptcy Act of 1986 (28 U.S.C. 581 note; Public
15 Law 99–554; 100 Stat. 3123), as amended by section
16 317(a) of the Federal Courts Study Committee Implemen-
17 tation Act of 1990 (Public Law 101–650; 104 Stat. 5115),
18 or the bankruptcy administrator’s designee may preside
19 at the meeting of creditors convened under section 341(a)
20 of title 11, United States Code. The bankruptcy adminis-
21 trator or the bankruptcy administrator’s designee may
22 preside at any meeting of equity security holders convened
23 under section 341(b) of title 11, United States Code.

24 (b) EXAMINATION OF THE DEBTOR.—The bank-
25 ruptcy administrator or the bankruptcy administrator’s

1 designee may examine the debtor at the meeting of credi-
2 tors and may administer the oath required under section
3 343 of title 11, United States Code.

4 **SEC. 106. DEFINITION RELATING TO ELIGIBILITY TO SERVE**
5 **ON CHAPTER 11 COMMITTEES.**

6 Section 101(41) of title 11, United States Code, is
7 amended to read as follows:

8 “(41) ‘person’ includes individual, partnership,
9 and corporation, but does not include governmental
10 unit, except that a governmental unit that—

11 “(A) acquires an asset from a person—

12 “(i) as a result of the operation of a
13 loan guarantee agreement; or

14 “(ii) as receiver or liquidating agent
15 of a person;

16 “(B) is a guarantor of a pension benefit
17 payable by or on behalf of the debtor or an af-
18 filiate of the debtor; or

19 “(C) is the legal or beneficial owner of an
20 asset of—

21 “(i) an employee pension benefit plan
22 that is a governmental plan, as defined in
23 section 414(d) of the Internal Revenue
24 Code of 1986; or

1 “(ii) an eligible deferred compensation
2 plan, as defined in section 457(b) of the
3 Internal Revenue Code of 1986;
4 shall be considered, for purposes of section 1102 of
5 this title, to be a person with respect to such asset
6 or such benefit;”.

7 **SEC. 107. INCREASED INCENTIVE COMPENSATION FOR**
8 **TRUSTEES.**

9 Section 326(a) of title 11, United States Code, is
10 amended by striking “fifteen” and all that follows through
11 “\$3,000” the last place it appears, and inserting the fol-
12 lowing:

13 “25 percent on the first \$5,000 or less, 10 percent on any
14 amount in excess of \$5,000 but not in excess of \$50,000,
15 5 percent on any amount in excess of \$50,000 but not
16 in excess of \$1,000,000, and reasonable compensation not
17 to exceed 3 percent of such moneys in excess of
18 \$1,000,000”.

19 **SEC. 108. DOLLAR ADJUSTMENTS.**

20 (a) WHO MAY BE A DEBTOR UNDER CHAPTER 13.—
21 Section 109(e) of title 11, United States Code, is amend-
22 ed—

23 (1) by striking “\$100,000” each place it ap-
24 pears and inserting “\$250,000”, and

1 (2) by striking “\$350,000” each place it ap-
2 pears and inserting “\$750,000”.

3 (b) INVOLUNTARY CASES.—Section 303(b) of title
4 11, United States Code, is amended—

5 (1) in paragraph (1) by striking “\$5,000” and
6 inserting “\$10,000”, and

7 (2) in paragraph (2) by striking “\$5,000” and
8 inserting “\$10,000”.

9 (c) PRIORITIES.—Section 507(a) of title 11, United
10 States Code, is amended—

11 (1) in paragraph (3)(B) by striking “\$2,000”
12 and inserting “\$4,000”,

13 (2) in paragraph (4)(B)(i) by striking “\$2,000”
14 and inserting “\$4,000”,

15 (3) in paragraph (5) by striking “\$2,000” and
16 inserting “\$4,000”, and

17 (4) in paragraph (6) by striking “\$900” and in-
18 serting “\$1,800”.

19 (d) EXEMPTIONS.—Section 522(d) of title 11, United
20 States Code, is amended—

21 (1) in paragraph (1) by striking “\$7,500” and
22 inserting “\$15,000”,

23 (2) in paragraph (2) by striking “\$1,200” and
24 inserting “\$2,400”,

25 (3) in paragraph (3)—

1 (A) by striking “\$200” and inserting
2 “\$400”, and

3 (B) by striking “\$4,000” and inserting
4 “\$8,000”,

5 (4) in paragraph (4) by striking “\$500” and in-
6 serting “\$1,000”,

7 (5) in paragraph (5)—

8 (A) by striking “\$400” and inserting
9 “\$800”, and

10 (B) by striking “\$3,750” and inserting
11 “\$7,500”,

12 (6) in paragraph (6) by striking “\$750” and in-
13 serting “\$1,500”,

14 (7) in paragraph (8) by striking “\$4,000” and
15 inserting “\$8,000”, and

16 (8) in paragraph (11)(D) by striking “\$7,500”
17 and inserting “\$15,000”.

18 (e) FUTURE ADJUSTMENTS.—Section 104 of title 11,
19 United States Code, is amended—

20 (1) by inserting “(a)” before “The”, and

21 (2) by adding at the end the following:

22 “(h)(1) On April 1, 1998, and at each 3-year interval
23 ending on April 1 thereafter, each dollar amount in effect
24 under sections 109(e), 303(b), 507(a), 522(d), and

1 523(a)(2)(C) immediately before such April 1 shall be ad-
2 justed—

3 “(A) to reflect the change in the Consumer
4 Price Index for All Urban Consumers, published by
5 the Department of Labor, for the most recent 3-year
6 period ending immediately before January 1 preced-
7 ing such April 1, and

8 “(B) to round to the nearest \$25 the dollar
9 amount that represents such change.

10 “(2) Not later than March 1, 1998, and at each 3-
11 year interval ending on March 1 thereafter, the Judicial
12 Conference of the United States shall publish in the Fed-
13 eral Register the dollar amounts that will become effective
14 on such April 1 under sections 109(e), 303(b), 507(a), and
15 522(d) of this title.

16 “(3) Adjustments made in accordance with para-
17 graph (1) shall not apply with respect to cases commenced
18 before the date of such adjustments.”.

19 **SEC. 109. PREMERGER NOTIFICATION.**

20 Subparagraphs (A) and (B) of section 363(b) of title
21 11, United States Code, are amended to read as follows:

22 “(A) notwithstanding subsection (a) of
23 such section, the notification required by such
24 subsection to be given by the debtor shall be
25 given by the trustee; and

1 “(B) notwithstanding subsection (b) of
2 such section, each waiting period applicable
3 under such subsection shall end on the 10th
4 day after the date of the receipt required by
5 subsection (b)(1)(A) of such section unless such
6 waiting period is extended—

7 “(i) pursuant to subsection (g)(2) of
8 such section or, in the case of a tender
9 offer, pursuant to subsection (e)(2) of such
10 section; or

11 “(ii) by the court after notice and a
12 hearing.”.

13 **SEC. 110. ALLOWANCE OF CREDITOR COMMITTEE EX-**
14 **PENSES.**

15 Section 503(b)(3) of title 11, United States Code, is
16 amended—

17 (1) in subparagraph (D) by striking “or” at the
18 end,

19 (2) in subparagraph (E) by inserting “or” at
20 the end, and

21 (3) by adding at the end the following:

22 “(F) a member of a committee appointed
23 under section 1102 of this title, if such ex-
24 penses are incurred in the performance of the
25 duties of such committee;”.

1 **SEC. 111. SUPPLEMENTAL INJUNCTIONS; SETTLEMENT OF**
2 **CLAIMS AND DEMANDS FOR PAYMENT.**

3 (a) SUPPLEMENTAL INJUNCTIONS.—Section 524 of
4 title 11, United States Code, is amended by adding at the
5 end the following:

6 “(g)(1)(A) After notice and hearing, a court that en-
7 ters an order confirming a plan of reorganization under
8 chapter 11 may issue an injunction to supplement the in-
9 junctive effect of a discharge under this section.

10 “(B) An injunction may be issued under subpara-
11 graph (A) to enjoin persons and governmental units from
12 taking legal action for the purpose of directly or indirectly
13 collecting, recovering, or receiving payment or recovery of,
14 on, or with respect to any claim or demand that, under
15 a plan of reorganization, is to be paid in whole or in part
16 by a trust described in paragraph (2)(B)(i), except such
17 legal actions as are expressly allowed by the injunction,
18 the confirmation order, or the plan of reorganization.

19 “(2)(A) If the requirements of subparagraph (B) are
20 met at any time, then, after entry of an injunction under
21 paragraph (1), any proceeding that involves the validity,
22 application, construction, or modification of the injunction
23 or of this subsection with respect to the injunction may
24 be commenced only in the district court in which the in-
25 junction was entered, and such court shall have exclusive

1 jurisdiction over any such proceeding without regard to
2 the amount in controversy.

3 “(B) The requirements of this subparagraph are
4 that—

5 “(i) the injunction is to be implemented in con-
6 nection with a trust that, pursuant to the plan of re-
7 organization—

8 “(I) is to assume the liabilities of a debtor
9 which at the time of entry of the order for relief
10 has been named as a defendant in personal in-
11 jury, wrongful death, or property-damage ac-
12 tions seeking recovery for damages allegedly
13 caused by the presence of, or exposure to, as-
14 bestos or asbestos-containing products;

15 “(II) is to be funded in whole or in part
16 by the securities of 1 or more debtors involved
17 in the plan of reorganization and by the obliga-
18 tion of such debtor or debtors to make future
19 payments, including dividends;

20 “(III) is to own, or by the exercise of
21 rights granted under the plan could own, a ma-
22 jority of the voting shares of—

23 “(aa) each such debtor;

24 “(bb) the parent corporation of each
25 such debtor; or

1 “(cc) a subsidiary of each such debtor
2 that is also a debtor; and

3 “(IV) is to use its assets or income to pay
4 claims and demands; and

5 “(ii) the court, at any time pursuant to its au-
6 thority under the plan, over the trust, or otherwise,
7 determines that—

8 “(I) the debtor may be subject to substan-
9 tial future demands for payment arising out of
10 the same or similar conduct or events that gave
11 rise to the claims that are addressed by the in-
12 junction;

13 “(II) the actual amounts, numbers, and
14 timing of such future demands cannot be deter-
15 mined;

16 “(III) pursuit of such demands outside the
17 procedures prescribed by the plan may threaten
18 the plan’s purpose to deal equitably with claims
19 and future demands;

20 “(IV) as part of the process of seeking ap-
21 proval of the plan of reorganization—

22 “(aa) the terms of the injunction pro-
23 posed to be issued under paragraph (1)(A),
24 including any provisions barring actions
25 against third parties pursuant to para-

graph (4)(A), shall be set out in the plan of reorganization and in any disclosure statement supporting the plan; and

“(bb) a separate class or classes of the claimants whose claims are to be addressed by a trust described in clause (i) is established and votes, by at least 75 percent of those voting, in favor of the plan; and

“(V) pursuant to court orders or otherwise, the trust will operate through mechanisms such as structured, periodic or supplemental payments, pro rata distributions, matrices, or periodic review of estimates of the numbers and values of present claims and future demands or other comparable alternates, that provide reasonable assurance that the trust will value, and be in a financial position to pay, present claims and future demands that involve similar claims in substantially the same manner, except that with respect to a trust in existence on the date of the enactment of the Bankruptcy Amendments of 1994 that is subject to a court order staying it from settling or paying further claims—

1 “(aa) the requirements of this
2 subclause shall apply as of the date such
3 stay is lifted or otherwise dissolved; and

4 “(bb) such a trust that meets the re-
5 quirements of the subclause as of the date
6 such stay is lifted or dissolved, shall be
7 treated for all legal purposes as being in
8 compliance with this subsection from the
9 date of the enactment of such Act.

10 “(3)(A) If the requirements of paragraph (2)(B) are
11 met and the order approving the plan of reorganization
12 was issued or affirmed by the district court that has juris-
13 diction over the reorganization proceedings, then after the
14 time for appeal of the order that issues or affirms the plan
15 of reorganization—

16 “(i) the injunction shall be valid and enforce-
17 able and may not be revoked or modified by any
18 court except through appeal in accordance with
19 paragraph (6);

20 “(ii) no entity that pursuant to the plan of re-
21 organization or thereafter becomes a direct or indi-
22 rect transferee of, or successor to any assets of, a
23 debtor or trust that is the subject of the injunction
24 shall be liable with respect to any claim or demand

1 made against it by reason of its becoming such a
2 transferee or successor; and

3 “(iii) no entity that pursuant to the plan of re-
4 organization or thereafter makes a loan to such a
5 debtor or trust or to such a successor or transferee
6 shall, by reason of making the loan, be liable with
7 respect to any claim or demand made against it, nor
8 shall any pledge of assets made in connection with
9 such a loan be upset or impaired for that reason;

10 “(B) Subparagraph (A) shall not be construed to—

11 “(i) imply that an entity described in subpara-
12 graph (A) (ii) or (iii) would, if this paragraph were
13 not applicable, have liability by reason of any of the
14 acts described in subparagraph (A);

15 “(ii) relieve any such entity of the duty to com-
16 ply with, or of liability under, any Federal or State
17 law regarding the making of a fraudulent convey-
18 ance in a transaction described in subparagraph (A)
19 (ii) or (iii); or

20 “(iii) relieve a debtor of the debtor’s obligation
21 to comply with the terms of the plan of reorganiza-
22 tion or affect the power of the court to exercise its
23 authority under sections 1141 and 1142 to compel
24 the debtor to do so.

1 “(4)(A)(i) Subject to subparagraph (B), an injunc-
2 tion under paragraph (1) shall be valid and enforceable
3 against all persons and governmental units that it ad-
4 dresses.

5 “(ii) Notwithstanding the provisions of section
6 524(e), such an injunction may bar any action directed
7 against a third party who is identifiable from the terms
8 of the injunction (by name or as part of an identifiable
9 group) and is alleged to be directly or indirectly liable for
10 the conduct of, claims against, or demands on the debtor
11 by reason of—

12 “(I) the party’s ownership of a financial inter-
13 est in the debtor, a past or present affiliate of the
14 debtor, or a predecessor in interest of the debtor;

15 “(II) the party’s involvement in the manage-
16 ment of the debtor or a predecessor in interest of
17 the debtor, or service as an officer, director or em-
18 ployee of the debtor or a related party;

19 “(III) the party’s provision of insurance to the
20 debtor or a related party; or

21 “(IV) the party’s involvement in a transaction
22 affecting the corporate structure or financial condi-
23 tion of the debtor or a related party, including, but
24 not limited to—

1 “(aa) involvement in providing financing
2 (debt or equity), or advice to a person or entity
3 involved in such a transaction; or

4 “(bb) acquiring or selling a financial inter-
5 est in an entity as part of such a transaction.

6 “(iii) As used in subparagraph (A), the term ‘related
7 party’ means—

8 “(I) a past or present affiliate of the debtor;

9 “(II) a predecessor in interest of the debtor; or

10 “(III) any person or entity that owned a finan-
11 cial interest in—

12 “(aa) the debtor;

13 “(bb) a past or present affiliate of the
14 debtor; or

15 “(cc) a predecessor interest in the debtor.

16 “(B) With respect to a demand (including a demand
17 directed against a third party described in subparagraph
18 (a)(ii)) that is made subsequent to the confirmation of a
19 plan against any person or entity that is the subject of
20 an injunction issued under paragraph (1), the injunction
21 shall be valid and enforceable if, as part of the proceedings
22 leading to its issuance, the court appointed a legal rep-
23 resentative for the purpose of protecting the rights of per-
24 sons that might subsequently assert such a demand.

1 “(5) In this subsection, the term ‘demand’ means a
2 demand for payment, present or future, that—

3 “(A) was not a claim during the proceedings
4 leading to the confirmation of a plan of reorganiza-
5 tion;

6 “(B) arises out of the same or similar conduct
7 or events that gave rise to the claims addressed by
8 the injunction issued under paragraph (1); and

9 “(C) pursuant to the plan, is to be paid by a
10 trust described in paragraph (2)(B)(i).

11 “(6) Paragraph (3)(A)(i) does not bar an action
12 taken by or at the direction of an appellate court on appeal
13 of an injunction issued under paragraph (1) or of the
14 order of confirmation that relates to the injunction.

15 “(7) This subsection applies to any injunction of the
16 nature described in paragraph (1)(B) in effect, and any
17 trust of the nature described in paragraph (2)(B) in exist-
18 ence, on or after the date of enactment of this subsection.

19 “(8) This subsection does not affect the operation of
20 section 1144 or the power of the district court to refer
21 a proceeding under section 157 of title 28 or any reference
22 of a proceeding made prior to the date of enactment of
23 this subsection.

24 “(9) Nothing in subsection (g) shall affect the court’s
25 authority to issue an injunction (including an injunction

1 that requires claims and demands to be presented for pay-
2 ment solely to a trust or any other type of court approved
3 settlement vehicle) which is entered pursuant to an order
4 approving a plan of reorganization.”.

5 (b) SETTLEMENT OF CLAIMS AND DEMANDS FOR
6 PAYMENT.—Section 105 of title 11, United States Code,
7 is amended by adding at the end the following:

8 “(d) A court may issue an injunction that requires
9 claims and demands to be presented for payment solely
10 to a trust or other vehicle that is established for the pur-
11 pose of settling such claims and demands and is approved
12 by the court and entered into pursuant to an order approv-
13 ing a plan of reorganization.”.

14 **SEC. 112. AUTHORITY OF BANKRUPTCY JUDGES TO CON-**
15 **DUCT JURY TRIALS IN CIVIL PROCEEDINGS.**

16 Section 157(c) of title 28, United States Code, is
17 amended by adding at the end the following:

18 “(3) If the right to a jury trial applies in a proceeding
19 that may be heard under paragraph (1) or (2) of this sub-
20 section by a bankruptcy judge, the bankruptcy judge may
21 conduct the jury trial, and may if specially designated to
22 exercise such jurisdiction by the district and with the con-
23 sent of all the parties.”.

1 **SEC. 113. SOVEREIGN IMMUNITY.**

2 Section 106 of title 11, United States Code, is
3 amended to read as follows:

4 **“§ 106. Waiver of sovereign immunity**

5 “(a) Notwithstanding an assertion of sovereign im-
6 munity, except as provided in subsection (d)—

7 “(1) all provisions of this title shall apply to
8 governmental units;

9 “(2) the court may hear and determine any
10 issue arising with respect to the application of such
11 provisions to governmental units; and

12 “(3) the court may issue and enforce any order,
13 process, or judgment against a governmental unit,
14 including an order or judgment awarding a money
15 recovery, to the same extent as against any other en-
16 tity.

17 “(b) A governmental unit is deemed to have waived
18 sovereign immunity with respect to a claim against such
19 governmental unit that is property of the estate and that
20 arose out of the same transaction or occurrence out of
21 which the claim of such governmental unit arose.

22 “(c) Notwithstanding any assertion of sovereign im-
23 munity by a governmental unit, there shall be offset
24 against a claim or interest of a governmental unit any
25 claim against such governmental unit that is property of
26 the estate.

1 “(d) Except as provided in subsections (b) and (c),
 2 a governmental unit may assert sovereign immunity with
 3 respect to a claim of the estate against such governmental
 4 unit only if such claim—

5 “(1) is not a tax claim or related to a tax claim
 6 subject to determination under section 505; and

7 “(2)(A) is a claim of the debtor against such
 8 governmental unit that arose before the commence-
 9 ment of the case and became property of the estate
 10 only under paragraph (1) or (2) of section 541(a);
 11 or

12 “(B) arises under nonbankruptcy law after the
 13 commencement of the case from the operation of the
 14 business of the debtor.”.

15 **TITLE II—COMMERCIAL** 16 **BANKRUPTCY ISSUES**

17 **SEC. 201. AIRCRAFT EQUIPMENT AND VESSELS; ROLLING** 18 **STOCK EQUIPMENT.**

19 (a) AMENDMENT OF SECTION 1110.—Section 1110
 20 of title 11, United States Code, is amended to read as
 21 follows:

22 **“§ 1110. Aircraft equipment and vessels**

23 “(a)(1) The right of a secured party with a security
 24 interest in equipment described in paragraph (2) or of a
 25 lessor or conditional vendor of such equipment to take pos-

1 session of such equipment in compliance with a security
2 agreement, lease, or conditional sale contract is not af-
3 fected by section 362 or 363 or by any power of the court
4 to enjoin the taking of possession unless—

5 “(A) before the date that is 60 days after the
6 date of the order for relief under this chapter, the
7 trustee, subject to the court’s approval, agrees to
8 perform all obligations of the debtor that become
9 due on or after the date of the order under such se-
10 curity agreement, lease, or conditional sale contract;
11 and

12 “(B) any default, other than a default of a kind
13 specified in section 365(b)(2), under such security
14 agreement, lease, or conditional sale contract—

15 “(i) that occurs before the date of the
16 order is cured before the expiration of such 60-
17 day period; and

18 “(ii) that occurs after the date of the order
19 is cured before the later of—

20 “(I) the date that is 30 days after the
21 date of the default; or

22 “(II) the expiration of such 60-day
23 period.

24 “(2) Equipment is described in this paragraph if it
25 is—

1 “(A) an aircraft, aircraft engine, propeller, ap-
2 pliance, or spare part (as defined in section 40102
3 of title 49) that is subject to a security interest
4 granted by, leased to, or conditionally sold to a debt-
5 or that is a citizen of the United States (as defined
6 in 40102 of title 49) holding an air carrier operating
7 certificate issued by the Secretary of Transportation
8 pursuant to chapter 447 of title 49 for aircraft capa-
9 ble of carrying 10 or more individuals; or

10 “(B) a documented vessel (as defined in section
11 30101(1) of title 46) that is subject to a security in-
12 terest granted by, leased to, or conditionally sold to
13 a debtor that is a water carrier that holds a certifi-
14 cate of public convenience and necessity or permit is-
15 sued by the Interstate Commerce Commission.

16 “(3) Paragraph (1) applies to a secured party, lessor,
17 or conditional vendor acting in its own behalf or acting
18 as trustee or otherwise in behalf of another party.

19 “(b) The trustee and the secured party, lessor, or
20 conditional vendor whose right to take possession is pro-
21 tected under subsection (a) may agree, subject to the
22 court’s approval, to extend the 60-day period specified in
23 subsection (a)(1).

1 “(c) With respect to equipment first placed in service
2 on or prior to the date of enactment of this subsection,
3 for purposes of this section—

4 “(1) the term ‘lease’ includes any written agree-
5 ment with respect to which the lessor and the debt-
6 or, as lessee, have expressed in the agreement or in
7 a substantially contemporaneous writing that the
8 agreement is to be treated as a lease for Federal in-
9 come tax purposes; and

10 “(2) the term ‘security interest’ means a pur-
11 chase-money equipment security interest.”.

12 (b) AMENDMENT OF SECTION 1168.—Section 1168
13 of title 11, United States Code, is amended to read as
14 follows:

15 **“§ 1168. Rolling stock equipment**

16 “(a)(1) The right of a secured party with a security
17 interest in or of a lessor or conditional vendor of equip-
18 ment described in paragraph (2) to take possession of such
19 equipment in compliance with an equipment security
20 agreement, lease, or conditional sale contract is not af-
21 fected by section 362 or 363 or by any power of the court
22 to enjoin the taking of possession, unless—

23 “(A) before the date that is 60 days after the
24 date of commencement of a case under this chapter,
25 the trustee, subject to the court’s approval, agrees to

1 perform all obligations of the debtor that become
2 due on or after the date of commencement of the
3 case under such security agreement, lease, or condi-
4 tional sale contract; and

5 “(B) any default, other than a default of a kind
6 described in section 365(b)(2), under such security
7 agreement, lease, or conditional sale contract—

8 “(i) that occurs before the date of com-
9 mencement of the case and is an event of de-
10 fault therewith is cured before the expiration of
11 such 60-day period; and

12 “(ii) that occurs or becomes an event of
13 default after the date of commencement of the
14 case is cured before the later of—

15 “(I) the date that is 30 days after the
16 date of the default or event of default; or

17 “(II) the expiration of such 60-day
18 period.

19 “(2) Equipment is described in this paragraph if it
20 is rolling stock equipment or accessories used on such
21 equipment, including superstructures and racks, that is
22 subject to a security interest granted by, leased to, or con-
23 ditionally sold to the debtor.

1 “(3) Paragraph (1) applies to a secured party, lessor,
2 or conditional vendor acting in its own behalf or acting
3 as trustee or otherwise in behalf of another party.

4 “(b) The trustee and the secured party, lessor, or
5 conditional vendor whose right to take possession is pro-
6 tected under subsection (a) may agree, subject to the
7 court’s approval, to extend the 60-day period specified in
8 subsection (a)(1).

9 “(c) With respect to equipment first placed in service
10 on or prior to the date of enactment of this subsection,
11 for purposes of this section—

12 “(1) the term ‘lease’ includes any written agree-
13 ment with respect to which the lessor and the debt-
14 or, as lessee, have expressed in the agreement or in
15 a substantially contemporaneous writing that the
16 agreement is to be treated as a lease for Federal in-
17 come tax purposes; and

18 “(2) the term ‘security interest’ means a pur-
19 chase-money equipment security interest.

20 “(d) With respect to equipment first placed in service
21 after the date of enactment of this subsection, for pur-
22 poses of this section, the term ‘rolling stock equipment’
23 includes rolling stock equipment that is substantially re-
24 built and accessories used on such equipment.”.

1 **SEC. 202. LIMITATION ON LIABILITY OF NON-INSIDER**
2 **TRANSFeree FOR AVOIDED TRANSFER.**

3 Section 550 of title 11, United States Code, is
4 amended—

5 (1) by redesignating subsections (c), (d), and
6 (e) as subsections (d), (e), and (f), respectively, and

7 (2) by inserting after subsection (b) the follow-
8 ing:

9 “(c) If a transfer made between ninety days and one
10 year before the filing of the petition—

11 “(1) is avoided under section 547(b) of this
12 title; and

13 “(2) was made for the benefit of a creditor that
14 at the time of such transfer was an insider;
15 the trustee may not recover under subsection (a) from a
16 transferee that is not an insider.”.

17 **SEC. 203. PERFECTION OF PURCHASE-MONEY SECURITY IN-**
18 **TEREST.**

19 Section 547(c)(3)(B) of title 11, United States Code,
20 is amended by striking “10” and inserting “20”.

21 **SEC. 204. CONTINUED PERFECTION.**

22 (a) AUTOMATIC STAY.—Section 362(b)(3) of title 11,
23 United States Code, is amended by inserting “, or to
24 maintain or continue the perfection of,” after “to perfect”.

1 (b) LIMITATIONS ON AVOIDING POWERS.—Section
2 546(b) of title 11, United States Code, is amended to read
3 as follows:

4 “(b)(1) The rights and powers of a trustee under sec-
5 tions 544, 545, and 549 of this title are subject to any
6 generally applicable law that—

7 “(A) permits perfection of an interest in prop-
8 erty to be effective against an entity that acquires
9 rights in such property before the date of perfection;
10 or

11 “(B) provides for the maintenance or continu-
12 ation of perfection of an interest in property to be
13 effective against an entity that acquires rights in
14 such property before the date on which action is
15 taken to effect such maintenance or continuation.

16 “(2) If—

17 “(A) a law described in paragraph (1) requires
18 seizure of such property or commencement of an ac-
19 tion to accomplish such perfection, or maintenance
20 or continuation of perfection of an interest in prop-
21 erty; and

22 “(B) such property has not been seized or an
23 action has not been commenced before the date of
24 the filing of the petition;

1 such interest in such property shall be perfected, or perfec-
2 tion of such interest shall be maintained or continued, by
3 notice within the time fixed by such law for such seizure
4 or such commencement.”.

5 **SEC. 205. REJECTION OF UNEXPIRED LEASES OF REAL**
6 **PROPERTY OR TIMESHARE INTERESTS.**

7 (a) AMENDMENT TO SECTION 365.—Section 365(h)
8 of title 11, United States Code, is amended to read as
9 follows:

10 “(h)(1)(A) If the trustee rejects an unexpired lease
11 of real property under which the debtor is the lessor and—

12 “(i) if the rejection by the trustee amounts to
13 such a breach as would entitle the lessee to treat
14 such lease as terminated by virtue of its terms, ap-
15 plicable nonbankruptcy law, or any agreement made
16 by the lessee, then the lessee under such lease may
17 treat such lease as terminated by the rejection; or

18 “(ii) if the term of such lease has commenced,
19 the lessee may retain its rights under such lease (in-
20 cluding rights such as those relating to the amount
21 and timing of payment of rent and other amounts
22 payable by the lessee and any right of use, posses-
23 sion, quiet enjoyment, subletting, assignment, or
24 hypothecation) that are in or appurtenant to the real
25 property for the balance of the term of such lease

1 and for any renewal or extension of such rights are
2 enforceable under applicable nonbankruptcy law.

3 “(B) If the lessee retains its rights under subpara-
4 graph (A)(ii), the lessee may offset against the rent re-
5 served under such lease for the balance of the term after
6 the date of the rejection of such lease and for the term
7 of any renewal or extension of such lease, the value of any
8 damage caused by the nonperformance after the date of
9 such rejection, of any obligation of the debtor under such
10 lease, but the lessee shall not have any other right against
11 the estate or the debtor on account of any damage occur-
12 ring after such date caused by such nonperformance.

13 “(C) The rejection of a lease of real property in a
14 shopping center with respect to which the lessee elects to
15 retain its rights under subparagraph (A)(ii) does not af-
16 fect the enforceability under applicable nonbankruptcy law
17 of any provision in the lease pertaining to radius, location,
18 use, exclusivity, or tenant mix or balance.

19 “(D) In this paragraph, ‘lessee’ includes any succes-
20 sor, assign, or mortgagee permitted under the terms of
21 such lease.

22 “(2)(A) If the trustee rejects a timeshare interest
23 under a timeshare plan under which the debtor is the
24 timeshare interest seller and—

1 “(i) if the rejection amounts to such a breach
2 as would entitle the timeshare interest purchaser to
3 treat the timeshare plan as terminated under its
4 terms, applicable nonbankruptcy law, or any agree-
5 ment made by timeshare interest purchaser, the
6 timeshare interest purchaser under the timeshare
7 plan may treat the timeshare plan as terminated by
8 such rejection; or

9 “(ii) if the term of such timeshare interest has
10 commenced, then the timeshare interest purchaser
11 may retain its rights in such timeshare interest for
12 the balance of such term and for any term of re-
13 newal or extension of such timeshare interest to the
14 extent that such rights are enforceable under appli-
15 cable nonbankruptcy law.

16 “(B) If the timeshare interest purchaser retains its
17 rights under subparagraph (A), such timeshare interest
18 purchaser may offset against the moneys due for such
19 timeshare interest for the balance of the term after the
20 date of the rejection of such timeshare interest, and the
21 term of any renewal or extension of such timeshare inter-
22 est, the value of any damage caused by the nonperform-
23 ance after the date of such rejection, of any obligation of
24 the debtor under such timeshare plan, but the timeshare
25 interest purchaser shall not have any right against the es-

1 tate or the debtor on account of any damage occurring
2 after such date caused by such nonperformance.”.

3 (b) TECHNICAL AMENDMENT.—Section 553(b)(1) of
4 title 11, United States Code, is amended by striking
5 “365(h)(2)” and inserting “365(h)”.

6 **SEC. 206. CONTENTS OF PLAN.**

7 Section 1123(b) of title 11, United States Code, is
8 amended—

9 (1) in paragraph (4) by striking “and” at the
10 end,

11 (2) by redesignating paragraph (5) as para-
12 graph (6), and

13 (3) by inserting after paragraph (4) the follow-
14 ing:

15 “(5) in a case in which the debtor is a small
16 business, modify the rights of holders of secured
17 claims, except that—

18 “(A) the rights of a holder of a claim se-
19 cured only by a security interest in real prop-
20 erty that is the debtor’s principal residence may
21 not be modified; and

22 “(B) notwithstanding section 506(a), the
23 rights of the holder of the most senior security
24 interest in real property that is the debtor’s
25 principal residence may not be modified to re-

1 duce the secured claim to a value that is less
2 than the value of the allowed claim; and”.

3 **SEC. 207. PRIORITY FOR INDEPENDENT SALES REPRESENT-**
4 **ATIVES.**

5 Section 507(a)(3) of title 11, United States Code, is
6 amended to read as follows:

7 “(3) Third, allowed unsecured claims, but only
8 to the extent of \$2,000 for each individual or cor-
9 poration, as the case may be, earned within 90 days
10 before the date of the filing of the petition or the
11 date of the cessation of the debtor’s business, which-
12 ever occurs first, for—

13 “(A) wages, salaries, or commissions, in-
14 cluding vacation, severance, and sick leave pay
15 earned by an individual; or

16 “(B) sales commissions earned by an indi-
17 vidual or by a corporation with only 1 employee,
18 acting as an independent contractor in the sale
19 of goods or services for the debtor in the ordi-
20 nary course of the debtor’s business if, and only
21 if, during the 12 months preceding that date, at
22 least 75 percent of the amount that the individ-
23 ual or corporation earned by acting as an inde-
24 pendent contractor in the sale of goods or serv-
25 ices was earned from the debtor;”.

1 **SEC. 208. EXCLUSION FROM THE ESTATE OF INTERESTS IN**
2 **LIQUID AND GASEOUS HYDROCARBONS**
3 **TRANSFERRED BY THE DEBTOR PURSUANT**
4 **TO PRODUCTION PAYMENT AGREEMENTS.**

5 (a) DEFINITION.—Section 101 of title 11, United
6 States Code, is amended—

7 (1) by inserting after paragraph (42) the fol-
8 lowing:

9 “(42A) ‘production payment’ means a payment
10 (in cash or in kind)—

11 “(A) contingent on the production of a liq-
12 uid or gaseous hydrocarbon from particular real
13 property; and

14 “(B) attributable to part of a specified vol-
15 ume, or part of a specified value, of the liquid
16 or gaseous hydrocarbon produced from such
17 property, and determined without regard to
18 production costs.”.

19 (b) PROPERTY OF THE ESTATE.—Section 541(b)(4)
20 of title 11, United States Code, is amended—

21 (1) in subparagraph (A) by striking “(A)” and
22 inserting “(A)(i)”,

23 (2) in subparagraph (B)—

24 (A) by striking “(B)” and inserting “(ii),”

25 (B) by striking “such interest” and insert-
26 ing “the interest referred to in clause (i)”, and

1 (C) by striking the period at the end and
2 inserting “; or”, and

3 (3) by adding at the end the following:

4 “(B)(i) the debtor has transferred or has
5 agreed to transfer such interest pursuant to a
6 written agreement to make production pay-
7 ments to a person who does not participate in
8 the production of the liquid or gaseous hydro-
9 carbon with respect to which such payments are
10 made; and

11 “(ii) but for the operation of this para-
12 graph, the estate could include the interest re-
13 ferred to in clause (i) only by virtue of section
14 365 of this title.”.

15 **SEC. 209. SELLER’S RIGHT TO RECLAIM GOODS.**

16 Section 546(c)(1) of title 11, United States Code, is
17 amended by striking “ten” and inserting “20”.

18 **SEC. 210. INVESTMENT OF MONEY OF THE ESTATE.**

19 Section 345(b) of title 11, United States Code, is
20 amended—

21 (1) in paragraph (2) by striking the period at
22 the end and inserting a semicolon, and

23 (2) by adding “unless the court for cause orders
24 otherwise.” at the end of such subsection.

1 **SEC. 211. ELECTION OF TRUSTEE UNDER CHAPTER 11.**

2 (a) ELECTION AUTHORIZED.—Section 1104 of title
3 11 of the United States Code is amended—

4 (1) by redesignating subsections (b) and (c) as
5 subsections (c) and (d), respectively, and

6 (2) by inserting after subsection (a) the follow-
7 ing:

8 “(b) Except as provided in section 1163 of this title,
9 on the request of a party in interest made not later than
10 30 days after the court orders the appointment of a trust-
11 ee under subsection (a), the United States trustee shall
12 convene a meeting of creditors for the purpose of electing
13 one disinterested person to serve as trustee in the case.
14 The election of a trustee shall be conducted in the manner
15 provided in subsections (a), (b), and (c) of section 702
16 of this title.”.

17 (b) CONFORMING AMENDMENT.—Section 1106(b) of
18 title 11, United States Code, is amended by striking
19 “1104(c)” and inserting “1104(d)”.

20 **SEC. 212. RIGHTS OF PARTNERSHIP TRUSTEE AGAINST**
21 **GENERAL PARTNERS.**

22 Section 723(a) of title 11, United States Code, is
23 amended by striking “for the full amount of the defi-
24 ciency” and inserting “to the extent that under applicable
25 nonbankruptcy law such general partner is personally lia-
26 ble for the debts of the partnership”.

1 **SEC. 213. EXCLUSION FROM THE ESTATE OF CERTAIN AC-**
2 **COUNTS AND CHATTEL PAPER.**

3 Section 541(b) of title 11, United States Code, is
4 amended—

5 (1) in subsection (b)—

6 (A) in paragraph (3) by striking “or” at
7 the end,

8 (B) in paragraph (4) by striking the period
9 at the end and inserting “; or”, and

10 (C) by adding at the end the following:

11 “(5) any interest of the debtor in any account
12 or chattel paper to the extent that—

13 “(A) such interest was actually sold under
14 applicable nonbankruptcy law by the debtor be-
15 fore the date of commencement of the case, but
16 without taking into consideration whether the
17 purchaser filed a financing statement before
18 such date; and

19 “(B) but for the operation, the estate
20 could include such interest only by virtue of sec-
21 tion 542 of this title.”, and

22 (2) by adding at the end the following:

23 “(e) For purposes of this section—

24 “(1) ‘account’ means any right to payment for
25 goods sold or leased or for services rendered that is
26 not evidence by an instrument or chattel paper,

whether or not it has been earned by performance,
and includes all right to payment earned or un-
earned under a charter or other contract involving
the use or hire of a vessel and all rights incident to
such charter or such contract; and

“(2) ‘chattel paper’ means—

“(A) a writing or writings that evidence
both a monetary obligation and a security inter-
est in or lease of specific goods (excluding a
charter or other contract involving the use or
hire of a vessel); or

“(B) if a transaction described in subpara-
graph (A) is evidenced both by such a security
agreement or a lease and by an instrument or
a series of instruments, the group of these
writings taken together.”.

**SEC. 214. TIMELY FILING OF CLAIMS, INTERESTS, AND
ADMINISTRATIVE EXPENSE REQUESTS.**

(a) OBJECTION TO CLAIMS FILED UNTIMELY.—Sec-
tion 502(b) of title 11, United States Code, is amended—

(1) in paragraph (7) by striking “or” at the
end,

(2) in paragraph (8) by striking the period at
the end and inserting “; or”, and

(3) by adding at the end the following:

1 “(9) such claim is not timely filed, except to the
2 extent tardily filing permitted under paragraph (2)
3 or (3) of section 726(a).”.

4 (b) FILING OF REQUEST FOR ADMINISTRATIVE EX-
5 PENSES.—Section 503(a) of title 11, United States Code,
6 is amended—

7 (1) by inserting “timely” after “may”, and

8 (2) by inserting “, or may tardily file such re-
9 quest if permitted by the court for cause” before the
10 period at the end.

11 **SEC. 215. PROTECTION OF SECURITY INTEREST IN POST-**
12 **PETITION RENTS.**

13 Section 552(b) of title 11, United States Code, is
14 amended—

15 (1) by inserting “(1)” after “(b)”,

16 (2) by striking “rents,” each place it appears,
17 and

18 (3) by adding at the end the following:

19 “(2) Except as provided in sections 363, 506(c), 522,
20 544, 545, 547, and 548 of this title, if the debtor and
21 an entity entered into a security agreement before the
22 commencement of the case and if the security interest cre-
23 ated by such security agreement extends to property of
24 the debtor acquired before the commencement of the case
25 and to rents of such property, then such security interest

1 extends to such rents acquired by the estate after the com-
 2 mencement of the case to the extent provided in such secu-
 3 rity agreement, except to any extent that the court, after
 4 notice and a hearing and based on the equities of the case,
 5 orders otherwise.”.

6 **SEC. 216. AMENDMENT TO DEFINITION OF SWAP AGREE-**
 7 **MENT.**

8 Section 101(55)(A) of title 11, United States Code,
 9 is amended by inserting “spot foreign exchange agree-
 10 ment,” after “forward foreign exchange agreement”.

11 **TITLE III—CONSUMER**
 12 **BANKRUPTCY ISSUES**

13 **SEC. 301. PERIOD FOR CURING DEFAULT RELATING TO**
 14 **PRINCIPAL RESIDENCE.**

15 Section 1322 of title 11, United States Code, is
 16 amended—

17 (1) by redesignating subsection (c) as sub-
 18 section (d), and

19 (2) by inserting after subsection (b) the follow-
 20 ing:

21 “(c) Notwithstanding subsection (b)(2) and applica-
 22 ble nonbankruptcy law—

23 “(1) a default with respect to, or that gave rise
 24 to, a lien on the debtor’s principal residence may be
 25 cured under paragraph (3) or (5) of subsection (b)

1 until such residence is sold under such lien and in
2 accordance with applicable nonbankruptcy law; and
3 “(2) in a case in which the last payment on the
4 original payment schedule for a claim secured only
5 by a security interest in real property that is the
6 debtor’s principal residence is due before the date on
7 which the final payment under the plan is due, the
8 plan may provide for the payment of the claim as
9 modified pursuant to 1325(a)(5).”.

10 **SEC. 302. NONDISCHARGEABILITY OF FINE UNDER CHAP-**
11 **TER 13.**

12 Section 1328(a)(3) of title 11, United States Code,
13 is amended by inserting “, or a fine (other than a fine
14 imposed under subchapter C of chapter 227 of title 18
15 of the United States Code) to the extent such fine exceeds
16 \$500, ” after “restitution”.

17 **SEC. 303. IMPAIRMENT OF EXEMPTIONS.**

18 Section 522(f) of title 11, United States Code, is
19 amended—

20 (1) by inserting “(1)” before “Notwithstand-
21 ing”,

22 (2) by redesignating paragraph (1) as subpara-
23 graph (A),

1 (3) by redesignating paragraph (2) as subpara-
2 graph (B) and subparagraphs (A), (B), and (C) of
3 that paragraph as clauses (i), (ii), and (iii), and

4 (4) by adding at the end the following:

5 “(2)(A) For the purposes of this subsection, a
6 lien shall be considered to impair an exemption to
7 the extent that the sum of—

8 “(i) the lien,

9 “(ii) all other liens on the property that
10 are equal or greater in seniority to the lien; and

11 “(iii) the amount of the exemption that the
12 debtor could claim if there were no liens on the
13 property,

14 exceeds the value that the debtor’s interest in the
15 property would have in the absence of any liens.

16 “(B) In the case of a property subject to more
17 than 1 lien, a lien that has been avoided shall not
18 be considered in making the calculation under sub-
19 paragraph (A) with respect to other liens.”.

20 **SEC. 304. PROTECTION OF CHILD SUPPORT AND ALIMONY.**

21 (a) RELIEF FROM AUTOMATIC STAY.—Section
22 362(b)(2) of title 11, United States Code, is amended to
23 read as follows:

24 “(2) under subsection (a) of this section—

1 “(A) of the commencement or continuation
2 of an action or proceeding for—

3 “(i) the establishment of paternity; or

4 “(ii) the establishment or modification
5 of an order for alimony, maintenance, or
6 support; or

7 “(B) of the collection of alimony, mainte-
8 nance, or support from property that is not
9 property of the estate;”.

10 (b) PRIORITY OF CLAIMS.—Section 507(a) of title
11 11, United States Code, is amended—

12 (1) in paragraph (8) by striking “(8) Eighth”
13 and inserting “(9) Ninth”,

14 (2) in paragraph (7) by striking “(7) Seventh”
15 and inserting “(8) Eighth”, and

16 (3) by inserting after paragraph (6) the follow-
17 ing:

18 “(7) Seventh, allowed claims for debts to a
19 spouse, former spouse, or child of the debtor, for ali-
20 mony to, maintenance for, or support of such spouse
21 or child, in connection with a separation agreement,
22 divorce decree or other order of a court of record,
23 determination made in accordance with State or ter-
24 ritorial law by a governmental unit, or property set-

1 tlement agreement, but not to the extent that such
2 debt—

3 “(A) is assigned to another entity, volun-
4 tarily, by operation of law, or otherwise; or

5 “(B) includes a liability designated as ali-
6 mony, maintenance, or support, unless such li-
7 ability is actually in the nature of alimony,
8 maintenance or support.”.

9 (c) PROTECTION OF LIENS.—Section 522(f)(1) of
10 title 11, United States Code, is amended by inserting after
11 “lien” the following:

12 “, other than a judicial lien that secures a debt—

13 “(A) to a spouse, former spouse, or child
14 of the debtor, for alimony to, maintenance for,
15 or support of such spouse or child, in connec-
16 tion with a separation agreement, divorce de-
17 cree or other order of a court of record, deter-
18 mination made in accordance with State or ter-
19 ritorial law by a governmental unit, or property
20 settlement agreement; and

21 “(B) to the extent that such debt—

22 “(i) is not assigned to another entity,
23 voluntarily, by operation of law, or other-
24 wise; and

1 “(ii) includes a liability designated as
2 alimony, maintenance, or support, unless
3 such liability is actually in the nature of al-
4 imony, maintenance or support.”.

5 (d) EXCEPTION TO DISCHARGE.—Section 523 of
6 Title 11, United States Code, is amended—

7 (1) in subsection (a)—

8 (A) in paragraph (11) by striking “or” at
9 the end,

10 (B) in paragraph (12) by inserting “or”
11 after the semicolon at the end, and

12 (C) by adding at the end the following:

13 “(13) assumed or incurred by the debtor in the
14 course of a divorce or separation or in connection
15 with a separation agreement, divorce decree or other
16 order of a court of record, a determination made in
17 accordance with State or territorial law by a govern-
18 mental unit, or property settlement agreement, un-
19 less—

20 “(A) the debtor does not have the ability
21 to pay such debt from income or property of the
22 debtor not reasonably necessary to be expended
23 for the maintenance or support of the debtor or
24 a dependent of the debtor and, if the debtor is
25 engaged in a business, for the payment of ex-

1 penditures necessary for the continuation, pres-
2 ervation, and operation of such business; or

3 “(B) discharging such debt would result in
4 a benefit to the debtor that outweighs the det-
5 rimental consequences to a spouse, former
6 spouse, or child of the debtor.”, and

7 (2) in subsection (c)(1) by striking “or (6)”
8 each place it appears and inserting “(6), or (13)”.

9 (e) PROTECTION AGAINST TRUSTEE AVOIDANCE.—
10 Section 547(c) of title 11, United States Code, is
11 amended—

12 (1) in paragraph (6) by striking “or” at the
13 end,

14 (2) by redesignating paragraph (7) as para-
15 graph (8), and

16 (3) by inserting after paragraph (6) the follow-
17 ing:

18 “(7) to the extent such transfer was a bona fide
19 payment of a debt to a spouse, former spouse, or
20 child of the debtor, for alimony to, maintenance for,
21 or support of such spouse or child, in connection
22 with a separation agreement, divorce decree or other
23 order of a court of record, determination made in
24 accordance with State or territorial law by a govern-

1 mental unit, or property settlement agreement, but
2 not to the extent that such debt—

3 “(A) is assigned to another entity, volun-
4 tarily, by operation of law, or otherwise; or

5 “(B) includes a liability designated as ali-
6 mony, maintenance, or support, unless such li-
7 ability is actually in the nature of alimony,
8 maintenance or support.”.

9 (f) APPEARANCE BEFORE COURT.—Child support
10 creditors or their representatives shall be permitted to ap-
11 pear and intervene without charge, and without meeting
12 any special local court rule requirement for attorney ap-
13 pearances, in any bankruptcy proceeding in any bank-
14 ruptcy court or district court of the United States if such
15 representatives file a form in such court that contains in-
16 formation detailing the child support debt, its status, and
17 other characteristics.

18 (g) CONFORMING AMENDMENTS—Title 11 of the
19 United States Code is amended—

20 (1) in section 502(i) by striking “507(a)(7)”
21 and inserting “507(a)(8)”,

22 (2) in section 503(b)(1)(B)(i) by striking
23 “507(a)(7)” and inserting “507(a)(8)”,

24 (3) in section 523(a)(1)(A) by striking
25 “507(a)(7)” and inserting “507(a)(8)”,

1 (4) in section 724(b)(2) by striking “or
2 507(a)(6)” and inserting “507(a)(6), or 507(a)(7)”,

3 (5) in section 726(b) by striking “or (7)” and
4 inserting “, (7), or (8)”,

5 (6) in section 1123(a)(1) by striking
6 “507(a)(7)” and inserting “507(a)(8)”,

7 (7) in section 1129(a)(9)—

8 (i) in subparagraph (B) by striking “or
9 507(a)(6)” and inserting “, 507(a)(6), or
10 507(a)(7)”, and

11 (ii) in subparagraph (C) by striking
12 “507(a)(7)” and inserting “507(a)(8)”.

13 **SEC. 305. PRESERVATION OF HOME MORTGAGE LIENS.**

14 Section 1322(b)(2) of title 11, United States Code,
15 is amended—

16 (1) by striking “, other than a claim secured
17 only by a security interest in real property that is
18 the debtor’s principal residence,” and

19 (2) by striking the semicolon at the end and in-
20 serting the following:

21 “, except that—

22 “(A) the rights of a holder of a claim se-
23 cured only by a security interest in real prop-
24 erty that is the debtor’s principal residence may
25 not be modified; and

1 “(B) notwithstanding section 506(a), the
2 rights of the holder of the most senior security
3 interest in real property that is the debtor’s
4 principal residence may not be modified to re-
5 duce the secured claim to a value that is less
6 than the value of the allowed claim;”.

7 **SEC. 306. INTEREST ON INTEREST.**

8 (a) CHAPTER 11.—Section 1123 of title 11, United
9 States Code, is amended by adding at the end the follow-
10 ing:

11 “(d) Notwithstanding subsection (a) of this section
12 and sections 506(b), 1129(a)(7), and 1129(b) of this title,
13 if it is proposed in a plan to cure a default, the amount
14 necessary to cure the default, shall be determined in ac-
15 cordance with the underlying agreement and applicable
16 nonbankruptcy law.”.

17 (b) CHAPTER 12.—Section 1222 of title 11, United
18 States Code, is amended by adding at the end the follow-
19 ing:

20 “(d) Notwithstanding subsection (b)(2) of this sec-
21 tion and sections 506(b) and 1225(a)(5) of this title, if
22 it is proposed in a plan to cure a default, the amount nec-
23 essary to cure the default, shall be determined in accord-
24 ance with the underlying agreement and applicable
25 nonbankruptcy law.”.

1 (c) CHAPTER 13.—Section 1322 of title 11, United
2 States Code, is amended by adding at the end the follow-
3 ing:

4 “(f) Notwithstanding subsection (b)(2) of this section
5 and sections 506(b) and 1325(a)(5) of this title, if it is
6 proposed in a plan to cure a default, the amount necessary
7 to cure the default, shall be determined in accordance with
8 the underlying agreement and applicable nonbankruptcy
9 law.”.

10 **SEC. 307. EXCEPTION TO DISCHARGE.**

11 Section 523(a)(2) of title 11, United States Code, is
12 amended—

13 (1) by striking “\$500” and inserting “\$1,000”,

14 (2) by striking “forty” and inserting “60”, and

15 (3) by striking “twenty” and inserting “60”.

16 **SEC. 308. PAYMENTS.**

17 Section 1326(a)(2) of title 11, United States Code,
18 is amended in the second sentence by striking the period
19 and inserting “as soon as practicable.”.

20 **TITLE IV—GOVERNMENTAL**
21 **BANKRUPTCY ISSUES**

22 **SEC. 401. EXCEPTION FROM AUTOMATIC STAY FOR POST-**
23 **PETITION PROPERTY TAXES.**

24 Section 362(b) of title 11, United States Code, is
25 amended by inserting after paragraph (16) the following:

1 “(18) under subsection (a) of this section, of
 2 the creation or perfection of a statutory lien for an
 3 ad valorem property tax imposed by the District of
 4 Columbia, or a political subdivision of a State, if
 5 such tax comes due after the filing of the petition.”.

6 **SEC. 402. MUNICIPAL BANKRUPTCY.**

7 Section 109(c)(2) of title 11, United States Code, is
 8 amended by striking “generally authorized” and inserting
 9 “specifically authorized, in its capacity as a municipality
 10 or by name,”.

11 **TITLE V—TECHNICAL**
 12 **CORRECTIONS**

13 **SEC. 501. AMENDMENTS TO BANKRUPTCY DEFINITIONS,**
 14 **NECESSITATED BY ENACTMENT OF PUBLIC**
 15 **LAW 101-647.**

16 (a) ALPHABETIZING AND REDESIGNATING DEFINI-
 17 TIONS.—Section 101 of title 11 of the United States Code,
 18 as amended by section 208, is amended—

19 (1) by redesignating paragraph (3) as para-
 20 graph (21),

21 (2) by redesignating paragraph (4) and subse-
 22 quent paragraphs through paragraph (21) as para-
 23 graphs (3) through (20), respectively,

1 (3) by transferring paragraph (21), as so redesi-
2 gnated by paragraph (1), so as to insert such para-
3 graph after paragraph (20),

4 (4) by redesignating paragraphs (54) through
5 (57), as in effect immediately before the enactment
6 of Public Law 101–647, as paragraphs (61), (62),
7 (36), and (40), respectively,

8 (5) in paragraph (61), as so redesignated by
9 paragraph (4), by inserting “and” after the semi-
10 colon at the end,

11 (6) in paragraph (62), as so redesignated by
12 paragraph (4), by striking the semicolon at the end
13 and inserting a period,

14 (7) in paragraph (36), as so redesignated by
15 paragraph (4), by striking “and” at the end,

16 (8) in paragraph (40), as so redesignated by
17 paragraph (4), by striking the period at the end and
18 inserting a semicolon,

19 (9) by redesignating paragraphs (52) through
20 (57), as so redesignated by section 2522(e) of Public
21 Law 101–647, as paragraphs (55) through (60), re-
22 spectively,

23 (10) by transferring paragraph (39) so as to in-
24 sert such paragraph before paragraph (55), as so re-
25 designated by paragraph (9) of this subsection,

1 (11) by redesignating paragraph (39) as para-
2 graph (54),

3 (12) by redesignating successively numbered
4 paragraphs (40) through (51) as paragraphs (41)
5 through (53), respectively,

6 (13) by transferring paragraph (40), as so re-
7 designated by paragraph (4) of this subsection, so as
8 to insert such paragraph before paragraph (41), as
9 so redesignated by paragraph (12) this subsection,

10 (14) by redesignating paragraph (36) and sub-
11 sequent paragraphs through paragraph (38) as
12 paragraphs (37) through (39), respectively, and

13 (15) by transferring paragraph (36), as so re-
14 designated by paragraph (4) of this subsection, so as
15 to insert such paragraph after paragraph (35).

16 (b) CONFORMING AND RELATED AMENDMENTS TO
17 TITLE 11 OF THE UNITED STATES CODE, BASED ON RE-
18 DESIGNATED DEFINITIONS.—(1) Section 101 of title 11
19 of the United States Code is amended—

20 (A) in paragraph (5), as so redesignated by
21 subsection (a), by striking “section 761(9)” and in-
22 serting “section 761”,

23 (B) in paragraph (22) by striking “section
24 741(7)” and inserting “section 741”,

1 (C) in paragraph (35)(B) by striking “para-
2 graphs (3)” and inserting “paragraphs (21)”,

3 (D) in paragraph (50)(B)(ii), as so redesign-
4 dated by subsection (a), by striking “section
5 761(13)” and inserting “section 761”, and

6 (E) in paragraph (56)(A), as so redesignated by
7 subsection (a), by striking “section 741(2)” and in-
8 serting “section 741”.

9 (2) Section 362(b) of title 11, United States Code,
10 is amended—

11 (A) in paragraph (6)—

12 (i) by striking “section 761(4)” and insert-
13 ing “section 761”,

14 (ii) by striking “section 741(7)” and in-
15 serting “section 741”,

16 (iii) by striking “section 101(34), 741(5),
17 or 761(15)” and inserting “section 101, 741, or
18 761”, and

19 (iv) by striking “section 101(35) or
20 741(8)” and inserting “section 101 or 741”,
21 and

22 (B) in paragraph (7)—

23 (i) by striking “section 741(5) or 761(15)”
24 and inserting “section 741 or 761”, and

1 (ii) by striking “section 741(8)” and in-
2 serting “section 741”.

3 (3) Section 507(a)(5) of title 11, United States Code,
4 is amended—

5 (A) by striking “section 557(b)(1)” and insert-
6 ing “section 557(b)”, and

7 (B) by striking “section 557(b)(2)” and insert-
8 ing “section 557(b)”.

9 (4) Section 546 of title 11, United States Code, is
10 amended—

11 (A) in subsection (e)—

12 (i) by striking “section 101(34), 741(5), or
13 761(15)” and inserting “section 101, 741, or
14 761”, and

15 (ii) by striking “section 101(35) or
16 741(8)” and inserting “section 101 or 741”,
17 and

18 (B) in subsection (f)—

19 (i) by striking “section 741(5) or 761(15)”
20 and inserting “section 741 or 761”, and

21 (ii) by striking “section 741(8)” and in-
22 serting “section 741”.

23 (5) Section 548(d)(2) of title 11, United States Code,
24 is amended—

25 (A) in subparagraph (B)—

1 (i) by striking “section 101(34), 741(5) or
2 761(15)” and inserting “section 101, 741, or
3 761”, and

4 (ii) by striking “section 101(35) or
5 741(8)” and inserting “section 101 or 741”,
6 and

7 (B) in subparagraph (C)—

8 (i) by striking “section 741(5) or 761(15)”
9 and inserting “section 741 or 761”, and

10 (ii) by striking “section 741(8)” and in-
11 serting “section 741”.

12 (6) Section 555 of title 11, United States Code, is
13 amended by striking “section 741(7)” and inserting “sec-
14 tion 741 of this title”.

15 (7) Section 556 of title 11, United States Code, is
16 amended by striking “section 761(4)” and inserting “sec-
17 tion 761 of this title”.

18 (c) CONFORMING AMENDMENTS TO OTHER LAWS
19 BASED ON REDESIGNATED DEFINITIONS.—(1) Section
20 207(c)(8)(D) of the Federal Credit Union Act (12 U.S.C.
21 1787(c)(8)(D)) is amended—

22 (A) in clause (ii)(I) by striking “section
23 741(7)” and inserting “section 741”,

24 (B) in clause (iii) by striking “section 101(24)”
25 and inserting “section 101”,

1 (C) in clause (iv)(I) by striking “section
2 101(41)” and inserting “section 101”, and

3 (D) in clause (v) by striking “section 101(50)”
4 and inserting “section 101”.

5 (2) Section 11(e)(8)(D) of the Federal Deposit Insur-
6 ance Act (12 U.S.C. 1821(e)(8)(D)) is amended—

7 (A) in clause (ii)(I) by striking “section
8 741(7)” and inserting “section 741”,

9 (B) in clause (iii) by striking “section 761(4)”
10 and inserting “section 761”,

11 (C) in clause (iv) by striking “section 101(24)”
12 and inserting “section 101”,

13 (D) in clause (v)(I) by striking “section
14 101(41)” and inserting “section 101”, and

15 (E) in clause (viii) by striking “section
16 101(50)” and inserting “section 101”.

17 (d) OTHER TECHNICAL AMENDMENTS.—Title 11 of
18 the United States Code is amended—

19 (1) in section 101—

20 (A) in paragraph (33)—

21 (i) in subparagraph (A) by striking
22 “(12 U.S.C. 1813(u))”, and

23 (ii) in subparagraph (B) by striking
24 “(12 U.S.C. 1786(r))”,

1 (B) in paragraph (34) by striking “(12
2 U.S.C. 1752(7))”,

3 (C) in paragraph (35)(A) by striking “(12
4 U.S.C. 1813(c)(2))”,

5 (D) in paragraph (50), as so redesignated
6 by subsection (a)—

7 (i) by striking “(15 U.S.C. 78q–1)”,

8 and

9 (ii) by striking “(15 U.S.C.
10 78c(12))”,

11 (E) in paragraph (51), as so redesignated
12 by subsection (a)—

13 (i) in subparagraph (A)(xii)—

14 (I) by striking “(15 U.S.C. 77a
15 et seq.)”, and

16 (II) by striking “(15 U.S.C.
17 77c(b))”, and

18 (ii) in subparagraph (B)(vi) by strik-
19 ing “(15 U.S.C. 77c(b))”, and

20 (F) in paragraph (59), as so redesignated
21 by subsection (a), by striking the period at the

22 end and inserting a semicolon,

23 (2) in section 109(b)(2) by striking “(12 U.S.C.
24 1813(h))”,

1 (3) in section 322(a) by striking “1302, or
2 1202” and inserting “1202, or 1302”,

3 (4) in section 346—

4 (A) in subsection (a) by striking “Internal
5 Revenue Code of 1954 (26 U.S.C. 1 et seq.)”
6 and inserting “Internal Revenue Code of
7 1986”, and

8 (B) in subsection (g)(1)(C) by striking
9 “Internal Revenue Code of 1954 (26 U.S.C.
10 371)” and inserting “Internal Revenue Code of
11 1986”,

12 (5) in section 348—

13 (A) in subsection (b) by striking “1301(a),
14 1305(a), 1201(a), 1221, and 1228(a)” and in-
15 serting “1201(a), 1221, 1228(a), 1301(a), and
16 1305(a)”, and

17 (B) in subsections (b), (c), (d), and (e) by
18 striking “1307, or 1208” each place it appears
19 and inserting “1208, or 1307”,

20 (6) in section 349(a) by striking “109(f)” and
21 inserting “109(g)”,

22 (7) in section 362—

23 (A) in subsection (a) by striking “(15
24 U.S.C. 78eee(a)(3))”, and

25 (B) in subsection (b)—

1 (i) by striking “(15 U.S.C.
2 78eee(a)(3))”,

3 (ii) in paragraph (10) by striking
4 “or” at the end,

5 (iii) in paragraph (12)—

6 (I) by striking “the Ship Mort-
7 gage Act, 1920 (46 App. U.S.C. 911
8 et seq.)” and inserting “section 31325
9 of title 46”,

10 (II) by striking “(46 App. U.S.C.
11 911 et seq.)”, and

12 (III) by striking “(46 App.
13 U.S.C. 1117 and 1271 et seq., respec-
14 tively)”,

15 (iv) in paragraph (13)—

16 (I) by striking “the Ship Mort-
17 gage Act, 1920 (46 App. U.S.C. 911
18 et seq.)” each place it appears and in-
19 serting “section 31325 of title 46”,

20 (II) by striking “(46 App. U.S.C.
21 1117 and 1271 et seq., respectively)”,
22 and

23 (III) by striking “or” at the end,

1 (v) in paragraph (15), as added by
2 Public Law 101–508, by striking “or” at
3 the end,

4 (vi) in paragraph (16), as added by
5 Public Law 101–508—

6 (I) by striking “(20 U.S.C. 1001
7 et seq.)”, and

8 (II) by striking the period at the
9 end and inserting a semicolon, and

10 (vii) in paragraph (14), as added by
11 Public Law 101–311—

12 (I) by striking the period at the
13 end and inserting “; or”,

14 (II) by redesignating such para-
15 graph as paragraph (17), and

16 (III) by transferring such para-
17 graph so as to insert such paragraph
18 after paragraph (16),

19 (8) in section 363—

20 (A) in subsection (b)(2) by striking “(15
21 U.S.C. 18a)”, and

22 (B) in subsection (c)(1) by striking “1304,
23 1203, or 1204” and inserting “1203, 1204, or
24 1304”,

25 (9) in section 364—

1 (A) in subsection (a) by striking “1304,
2 1203, or 1204” and inserting “1203, 1204, or
3 1304”, and

4 (B) in subsection (f)—

5 (i) by striking “(15 U.S.C. 77e)”, and

6 (ii) by striking “(15 U.S.C. 77aaa et
7 seq.)”,

8 (10) in section 365—

9 (A) in subsection (d)(6)(C) by striking
10 “the Federal Aviation Act of 1958 (49 U.S.C.
11 1301)” and inserting “section 40102 of title
12 49”,

13 (B) in subparagraphs (A) and (B) of sub-
14 section (g)(2) by striking “1307, or 1208” each
15 place it appears and inserting “1208, or 1307”,

16 (C) in subsection (n)(1)(B) by striking “to
17 to” and inserting “to”,

18 (D) in subsection (o) by striking “the Fed-
19 eral” the first place it appears and all that fol-
20 lows through “successors,” and inserting “a
21 Federal depository institutions regulatory agen-
22 cy (or predecessor to such agency)”, and

23 (E) by striking subsection (p),

24 (11) in section 507—

1 (A) in subsection (a)(8) by striking “the
2 Federal” the first place it appears and all that
3 follows through “successors,” and inserting “a
4 Federal depository institutions regulatory agen-
5 cy (or predecessor to such agency)”, and

6 (B) in subsection (d) by striking “or
7 (a)(6)” and inserting “(a)(6), (a)(7), (a)(8), or
8 (a)(9)”,
9 (12) in section 522(d)(10)(E)(iii)—

10 (A) by striking “408, or 409” the first
11 place it appears and inserting “or 408”, and

12 (B) by striking “Internal Revenue Code of
13 1954 (26 U.S.C. 401(a), 403(a), 403(b), 408,
14 or 409)” and inserting “Internal Revenue Code
15 of 1986”,

16 (13) in section 523—

17 (A) in subsection (a)—

18 (i) by striking “1141,,” and inserting
19 “1141,”,

20 (ii) in paragraph (2)(C) by striking
21 “(15 U.S.C. 1601 et seq.)”, and

22 (iii) in paragraph (12) by striking the
23 semicolon at the end and inserting a pe-
24 riod,

25 (B) in subsection (b)—

1 (i) by striking “(20 U.S.C. 1087-3)”,

2 and

3 (ii) by striking “(42 U.S.C. 294f)”,

4 and

5 (C) in subsection (e) by striking “deposi-
6 tory institution or insured credit union” and in-
7 serting “insured depository institution”,

8 (14) in section 524—

9 (A) in subsection (a)(3) by striking “or
10 1328(c)(1)” and inserting “, 1228(a)(1), or
11 1328(a)(1)”,

12 (B) in subsection (c)(4) by striking
13 “recission” and inserting “rescission”, and

14 (C) in subsection (d)(1)(B)(ii) by adding
15 “and” at the end,

16 (15) in section 525(a)—

17 (A) by striking “(7 U.S.C. 499a-499s)”,

18 (B) by striking “(7 U.S.C. 181-229)”, and

19 (C) by striking “(57 Stat. 422; 7 U.S.C.
20 204)”,

21 (16) in section 542(e) by striking “to to” and
22 inserting “to”,

23 (17) in section 543(d)(1) by striking “section,”
24 and inserting “section”,

1 (18) in section 546(a)(1) by striking “1302, or
2 1202” and inserting “1202, or 1302”,

3 (19) in section 549(b) inserting “the trustee
4 may not avoid under subsection (a) of this section”
5 after “involuntary case,”,

6 (20) in section 553—

7 (A) in subsection (a)(1) by striking “other
8 than under section 502(b)(3) of this title”, and

9 (B) in subsection (b)(1) by striking
10 “362(b)(14),,” and inserting “362(b)(14),”,

11 (21) in section 555 by striking “(15 U.S.C.
12 78aaa et seq.)”,

13 (22) in section 559 by striking “(15 U.S.C.
14 78aaa et seq.)”,

15 (23) in section 706(a) by striking “1307, or
16 1208” and inserting “1208, or 1307”,

17 (24) in section 724(d) by striking “Internal
18 Revenue Code of 1954 (26 U.S.C. 6323)” and in-
19 serting “Internal Revenue Code of 1986”,

20 (25) in section 726(b)—

21 (A) inserting a comma after “section
22 1112”, and

23 (B) by inserting “1009,” after “chapter
24 under section”,

1 (26) in section 741(4)(A)(iii) by striking “(15
2 U.S.C. 78a et seq.)”,

3 (27) in section 742 by striking “(15 U.S.C.
4 78aaa et seq.)”,

5 (28) in section 743 by striking “342(a)” and
6 inserting “342”,

7 (29) in section 745(c) by striking “Internal
8 Revenue Code of 1954 (26 U.S.C. 1 et seq.)” and
9 inserting “Internal Revenue Code of 1986”,

10 (30) in section 761—

11 (A) in paragraph (1) by striking “(7
12 U.S.C. 1 et seq.)”,

13 (B) in paragraph (5) by striking “(7
14 U.S.C. 6c(b))”, and

15 (C) in paragraph (13) by striking “(7
16 U.S.C. 23)”,

17 (31) in section 1104(c) inserting a comma after
18 “interest”,

19 (32) in section 1123(a)(1) inserting a comma
20 after “title” the last place it appears,

21 (33) in section 1129—

22 (A) in subsection (a)—

23 (i) in paragraph (4) by striking the
24 semicolon at the end and inserting a pe-
25 riod, and

1 (ii) in paragraph (12) inserting “of
2 title 28” after “section 1930”, and

3 (B) in subsection (d) by striking “(15
4 U.S.C. 77e)”,
5 (34) in section 1145—

6 (A) in subsection (a)—

7 (i) by striking “does” and inserting
8 “do”,

9 (ii) by striking “(15 U.S.C. 77e)”,
10 and

11 (iii) in paragraph (3)(B)(i) by striking
12 “(15 U.S.C. 78m or 78o(d))”,

13 (B) in subsection (b)(1) by striking “(15
14 U.S.C. 77b(11))”, and

15 (C) in subsection (d) by striking “(15
16 U.S.C. 77aaa et seq.)”,

17 (35) in section 1166(2) by striking “(45 U.S.C.
18 791(b))”,

19 (36) in section 1167—

20 (A) by striking “(45 U.S.C. 151 et seq.)”,
21 and

22 (B) by striking “(45 U.S.C. 156)”,

23 (37) in section 1226(b)(2)—

24 (A) by striking “1202(d)” and inserting
25 “1202(c)”, and

1 (B) by striking “1202(e)” and inserting
2 “1202(d)”,
3 (38) in section 1302(b)(3) by striking “and” at
4 the end, and
5 (39) in section 1328(a)—
6 (A) in paragraph (2) by striking “(5) or
7 (8)” and inserting “(5), (8), or (9)”, and
8 (B) by striking the last paragraph (3), and
9 (40) in the table of chapters by striking the
10 item relating to chapter 15.

11 **SEC. 502. TITLE 28 OF THE UNITED STATES CODE.**

12 Section 586(a)(3) of title 28, United States Code, is
13 amended in the matter preceding subparagraph (A) by in-
14 serting “12,” after “11,”.

15 **TITLE VI—SEVERABILITY; EF-**
16 **FECTIVE DATE; APPLICATION**
17 **OF AMENDMENTS.**

18 **SEC. 601. SEVERABILITY.**

19 If any provision of this Act or amendment made by
20 this Act or the application of such provision or amendment
21 to any person or circumstance is held to be unconstitu-
22 tional, the remaining provisions of and amendments made
23 by this Act and the application of such other provisions
24 and amendments to any person or circumstance shall not
25 be affected thereby.

1 **SEC. 602. EFFECTIVE DATE; APPLICATION OF AMEND-**
2 **MENTS.**

3 (a) EFFECTIVE DATE.—Except as provided in sub-
4 section (b), this Act shall take effect on the date of the
5 enactment of this Act.

6 (b) APPLICATION OF AMENDMENTS.—(1) Except as
7 provided in paragraph (2), the amendments made by this
8 Act shall not apply with respect to cases commenced under
9 title 11 of the United States Code before the date of the
10 enactment of this Act.

11 (2)(A) Paragraph (1) shall not apply with respect to
12 the amendment made by section 111(a) .

13 (B) The amendment made by section 113 shall apply
14 with respect to cases commenced under title 11 of the
15 United States Code before, on, and after the date of the
16 enactment of this Act.

17 (C) Section 1110 of title 11, United States Code, as
18 amended by section 201 of this Act, shall apply with re-
19 spect to any lease, as defined in such section 1110(c) as
20 so amended, entered into in connection with a settlement
21 of any proceeding in any case pending under title 11 of
22 the United States Code on the date of the enactment of
23 this Act.

1 (D) The amendments made by section 306 shall
2 apply only to agreements entered into after the date of
3 enactment of this Act.

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